

OUTLOOK

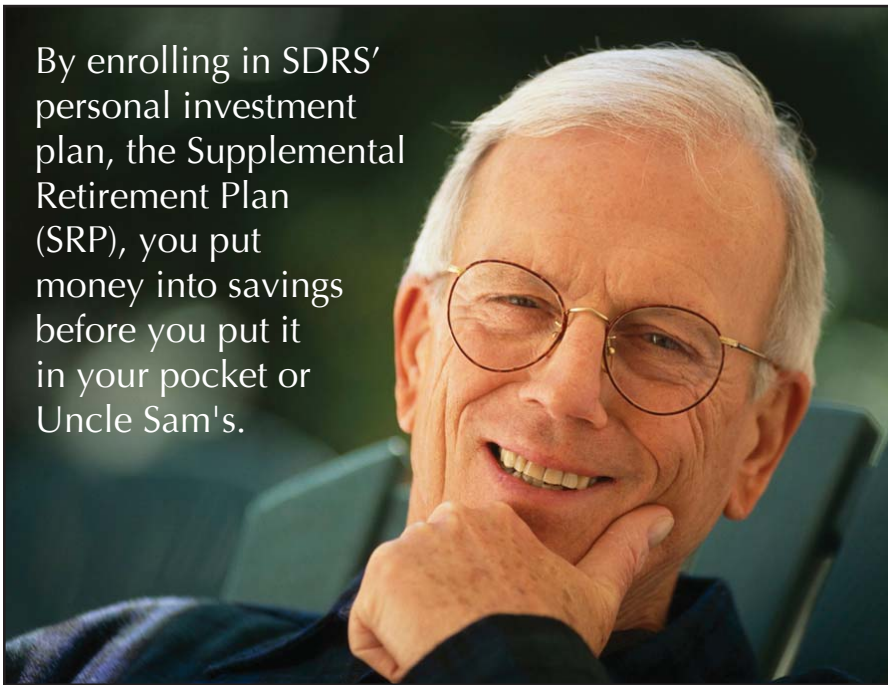
A Publication Of The South Dakota Retirement System

Number 2 July 2007

SDRS Investment Plan Offers Advantages to Members at Every Career Stage

Personal Savings Bolster Retirement Security

By enrolling in SDRS' personal investment plan, the Supplemental Retirement Plan (SRP), you put money into savings before you put it in your pocket or Uncle Sam's.



There are a few great reasons not to save for retirement —

- I just won the lottery!
- There's a diamond mine under my house.
- I'm Microsoft Chairman Bill Gates.

— and a lot of weak ones:

- My budget's too tight.
- I don't know how to invest.
- Finance fees are too high.
- I'm waiting for my spouse to decide what to do.

SDRS members are lucky, though. Saving extra dollars for retirement is simple and convenient through the SDRS' Supplemental Retirement Plan (SRP), a low-cost, tax-saving, personalized way to save.

Why Save for Retirement?

Combined with Social Security, the SDRS monthly lifetime benefit replaces 70 to 85 percent of income for most career members. Typically that's enough to support a comfortable lifestyle

But Americans today look forward to longer, more active retire-

ments than did previous generations, and there are many reasons they — and you — might want additional retirement income:

- to provide a cushion in case of emergencies
- to pay for travel, hobbies, gifts, education, a vacation get-away or other purchases
- to hedge against inflation and rising health care costs

For all these reasons, personal savings should be part of your comprehensive retirement plan.

Personal Investment Plan Makes Saving Easy

By enrolling in SDRS' personal investment plan, the Supplemental Retirement Plan (SRP), you put money into savings before you put it in your pocket or Uncle Sam's. SRP contributions are withheld automatically from each paycheck before taxes are taken out. That both eliminates the chore of making after-tax contributions and removes the temptation to spend the funds elsewhere. It's still your money — but you'll have the luxury of forgetting about it until retirement.

Making contributions using >>

Personal Savings...continued

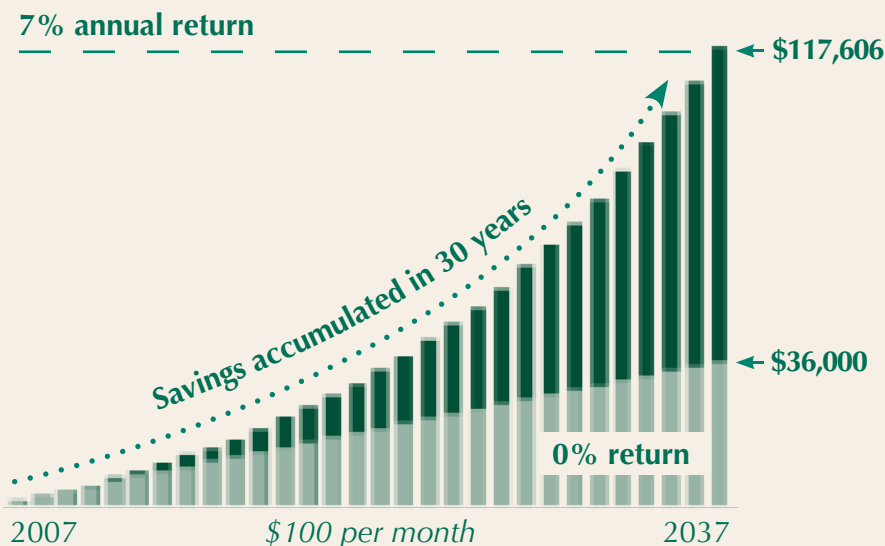
>> pre-tax earnings also reduces your taxable income, saving you money every pay period. And because the SRP is a tax deferral plan set up in accordance with IRS rules, members pay zero taxes on SRP contributions and investment earnings until money is withdrawn from the plan.

The plan offers further savings: Set up exclusively for SDRS members, the SRP has very low fees compared with similar investment plans.

Now Is the Best Time to Save


Still think you don't have the time or money to begin saving for retirement? When it comes to investing, time is your strongest ally,

Compounding Interest Swells Invested Savings



helping turn even modest contributions into significant retirement income.

By starting regular contributions now, members early or midway in their careers can reap the long-term rewards of compounding interest (see graphic above). Also, under the plan's catch-up provision, contribution limits are increased for members age 50 and older and increased even more for those within three years of their normal retirement dates.

Whether your retirement is a few months or a few decades away, right now is the best time to learn how SDRS' personal investment plan can help you finance the retirement lifestyle you want. 

You Should KNOW...

SDRS-SRP Reduces Costs and Enhances Services

Lower costs increase value

The personal investment plan's fees are lower than ever. Effective July 1, the fees charged to cover the plan's administrative and record-keeping services are reduced still further, increasing the plan's exceptional value.

One phone number, one building, one system

Always an integral part of the SDRS system, the personal investment plan will now be located in SDRS offices. You can reach the SRP staff by calling SDRS (1-800-959-4457) or following a link on the SDRS Web site (www.sdrs.sd.gov).



Additional staff enhance planning resources

Financial planners are joining the SRP staff to enhance SDRS' retirement planning resources. These consultants are available at no cost to SDRS members for individual counseling about savings plans, asset allocation, risk tolerance and other investment decisions, and will assist with new workshops and other educational outreach that SDRS will introduce in the coming months.

Cash Incentive to Save

SDRS is offering to add \$25 to every new SRP account opened between July 1, 2007 and June 30, 2008. Maximize your earnings by taking advantage of this offer early. Contact the SDRS-SRP office toll free at 1-800-959-4457 or locally at 605-224-2230.

SDRS-SRP Simplifies Options for Retirement Income

The concept is simple: save a little out of every paycheck, invest it to increase your savings, and have money to spend when you retire.

And SDRS makes it easy. Participants enjoy the convenience and flexibility of saving and investing through the system's personal investment plan, the Supplemental Retirement Plan (SRP).

You Decide How Much to Contribute

How much should you set aside each pay period? That's up to you — you can contribute as little as \$25 per month or as much as \$15,500 per year — and, subject to employer restrictions, you can change the amount you contribute at any time. Catch-up provisions let eligible members contribute even more as they near retirement age.

Additionally, you can transfer funds from other qualified retirement plans into your SRP account to take advantage of its low administrative fees and enjoy the convenience of keeping all your investments in one place.

You Select Investment Options

When you enroll in SDRS' personal investment plan, you decide how your money will be invested by selecting funds from among the different options that the plan offers. How do you know which to choose?

The South Dakota Investment


Council, the body that manages the SDRS Trust Fund, has selected more than a dozen different funds for the investment plan. These options provide members with a wide range of investment types and risk profiles. A low risk rating means a fund is considered less likely to lose principal, but money invested in it may grow more slowly than dollars placed in higher risk funds. Funds yielding potentially higher returns usually present a greater chance of losing principal.

When it comes to your money, are you willing to take risks or do you like to play it safe? Gauge your risk tolerance using an online calculator at the Nationwide Retirement Solutions Web site, accessible through SDRS' site at www.sdrs.sd.gov/srp. In the SRP plan description, also available on the SDRS Web site, you can check the risk level of each fund offered. When you're ready to invest, select the fund that matches your appetite for risk.

You Choose How to Receive Funds

When you retire, you decide how to take the money out of your account. You can leave the money to grow for a few more years, roll it over into another investment vehicle, or withdraw it in one of these ways:

- as a lump sum or partial lump sum payment
- as a lifetime annuity




When you enroll in SDRS' personal investment plan, you decide how your money will be invested by selecting funds from among the different options that the plan offers.

- as periodic payments, either
 - (a) a percentage of the total fund paid over a fixed time period or
 - (b) a fixed dollar amount paid monthly until funds are depleted

What if you leave SDRS employment? The dollars in your personal investment account are yours. You can keep them in your account, roll them over into another retirement plan, or — unlike 401(k) plans in the private sector — withdraw them without incurring a penalty.

How to Get Started

Start investing in your supplemental retirement fund by calling toll free 1-800-959-4457 or (605) 224-2230. An SRP plan representative will walk you through the enrollment process, which includes setting up automatic, pre-tax withdrawals from your paycheck. 

Taking the Guesswork Out of Retirement Planning



Young, old, or in between, we all like to have the means to live comfortably. Saving prudently and investing wisely during your working years helps to ensure your financial comfort in retirement. But how much is prudent to save? How do you find the balance between spending now and investing for the future? Because of the importance of individual savings in your overall retirement plan, SDRS offers a variety of tools and services to assist you in answering these questions.

Citing Your Goal and Setting Your Course

Just as retirement is but one phase of your life, saving for retirement should be but one component of a life-long financial plan. To assist you in making retirement savings part of your comprehensive plan, SDRS has added the services of certified financial planners. These professionals are available at no cost to members to help you look at your financial picture, determine retirement savings goals, and establish strategies for reaching them.

Another new service from SDRS, retirement income seminars will be conducted for small groups by SDRS staff. These hands-on workshops will guide you through estimating your future financial requirements based on your current obligations and expenditures. This information is combined with your outlook on future conditions, such as your probable longevity or the likelihood of change in Social Security, to further refine the projection of your future needs. Then you can select a retirement savings plan suiting your individual circumstances and providing what you determine you will need.

Whether you participate in one of the new retirement income seminars, meet individually with a planner or work on your own, worksheets available in print and on line help you compile your financial information and develop a retirement savings plan suited to your individual circumstances. You can find a link to one such on-line worksheet, Ballpark E\$timate, by going to the SDRS Web page <http://www.sdrs.sd.gov/planning/?id=18>


Once you have set your goal for retirement savings, SDRS' personal investment plan, the Supplemental Retirement Plan, presents a convenient and low-cost method of pursuing that goal. SRP specialists can assist you in enrolling in the program and in selecting the investment option that best suits your strategy.

SDRS Your Partner for Retirement Security

SDRS members are fortunate that supplemental retirement savings are exactly that: supplemental to your SDRS and Social Security benefits. SDRS provides several ways to make it easy for you to incorporate the role of SDRS membership into your retirement planning.

You can estimate the amount of your monthly SDRS payment by using the on-line benefit calculator. The calculator is available under Retirement Planning on the SDRS Web site at www.sdrs.sd.gov.

Retirement planning seminars focus on what you can expect from SDRS and the steps to take when you're ready to initiate retirement. Presenters travel all over the state to conduct the retirement planning seminars and are available for private consultations to discuss SDRS benefits and your personal retirement plans.

Check the schedule on page 5 to learn when planners will be in your area. Individual counseling sessions require that you register in advance by calling the SDRS office (1-888-605-SDRS). 

SDRS STATE-WIDE INDIVIDUAL COUNSELING SCHEDULE*

SCHEDULE DATE	COUNTY	LOCATION	ADDRESS	DEADLINE TO SCHEDULE**
July 10, 2007	Lincoln	Canton, Library	225 N Broadway	July 5, 2007
July 17, 2007	Clark, Codington, Hamlin	Watertown, Ramkota	1901 9th Ave SW	July 12, 2007
July 24, 2007	McCook	Salem, REA Room	236 N Main	July 19, 2007
July 31, 2007	Brown	Aberdeen, Ramkota	1400 8th Ave NW	July 26, 2007
August 7, 2007	Beadle, Sanborn	Huron, Crossroads	100 4th Street	August 2, 2007
August 14, 2007	Yankton	Yankton, Kelly Inn	1607 E Hwy 50	August 9, 2007
August 28, 2007	Spink	Redfield, Senior Center	728 Main Street	August 23, 2007
September 4, 2007	Hughes, Stanley, Sully	Pierre, SDRS Office	222 E Capitol, Ste 8	August 30, 2007
September 18, 2007	Clay	Vermillion, Holiday Inn Express	1200 N Dakota	September 13, 2007

* See the SDRS Web site for a more complete schedule. ** Individual retirement counseling sessions must be scheduled before noon on this date.

OUTLOOK *Interview* ... continued from page 6

Outlook: *No one wants to run out of money, now or in retirement. Does SDRS offer other services to help members figure out how much is prudent to save to augment their pension benefit?*

Wylie: SDRS offers a variety of tools to assist members in developing a financial plan and an investment strategy that will provide income for retirement. A good way to learn about these tools is to attend a retirement income workshop. This new program helps members at any stage of their careers figure out how much money they will need in retirement.

As I mentioned, another new service from SDRS is financial planning. At no cost to members, certified professionals associated with the SDRS-SRP will help members look at all of their financial resources and develop a strategy for reaching their retirement goals.

Of course, SDRS staff and retirement planners continue to be on call to discuss the full range of issues related to retirement planning, including the role of SDRS' personal investment plan, the SDRS-SRP.

Outlook: *Membership in SDRS is compulsory, but participation in the personal investment plan is optional, isn't it?*

Wylie: That's right—participation in the SDRS-SRP is optional. Members decide if they want to save more for their retirement, choose how much they want to save and select from the various investment funds offered through the SDRS-SRP that which best suits their tolerance for risk.

Outlook: *Why should members select to save for retirement through the SDRS-SRP?*


Wylie: Saving through this personal investment plan offers several advantages. First is the low fee structure. Every savings plan has costs associated with its administration. SDRS-SRP's fees have always been low, and recent SDRS' negotiations reduced them further. Participating in the plan now costs members even less than before.

A second advantage is convenience. Money is withdrawn directly from a member's pay check; it is an easy and simple way to save regularly. And, as with other instruments for retirement savings, like IRAs, the money is transferred to the SDRS-SRP account before taxes are deducted, so a member pays less tax on every pay check.

Outlook: *But what about controlling your money? Can members make their own investment decisions?*

Wylie: That, in fact, is a third advantage of participating in the SDRS-SRP: Members can consult with SDRS-SRP retirement planners and counselors to determine the investment option appropriate for their savings goals, their timeframe and their risk tolerance. Options available through the SDRS-SRP investment plan are picked by the South Dakota Investment Council, the same body that handles SDRS' retirement funds. The council has an excellent record of investment success. Its expertise ensures that plan participants have an array of sound choices matching a wide range of investor profiles.

Outlook: *These are convincing arguments for participating in the personal investment plan. How can a member get started?*

Wylie: Call the SDRS office to enroll in the plan. If you need assistance in figuring out how much to save or what investment fund to select, attend an SDRS retirement workshop or seminar, and register for an individual session with an SDRS-SRP professional. Whatever stage a member is in his or her career, it is never too early—and never too late—to add a personal investment account to your retirement future. 



South Dakota Retirement System
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“SDRS offers a variety of tools to assist members in developing a financial plan and an investment strategy that will provide income for retirement.”



Rob Wylie, SDRS Administrator

OUTLOOK Interview

To fulfill its commitment to provide members and their families with a foundation for their financial future, SDRS offers plans and services beyond a monthly retirement benefit. Outlook discusses some of the additional advantages of SDRS membership with the system's administrator, Rob Wylie.

Outlook: *People expect a monthly benefit from their pension plan after they retire, but SDRS says it offers its members much more. What would that be?*

Wylie: SDRS protects a member's financial future in several different ways: a pension plan that delivers a guaranteed monthly income in retirement; disability and survivor benefits in the pension plan that support members and their families when members are disabled and unable to work or in the event of their death; and personal savings and investment plans — the SDRS-Supplemental Retirement Plan (SRP) and the SDRS-Special Pay Plan (SPP) — that give members an opportunity to save and invest on their own for retirement. All of these plans make up the South Dakota Retirement System.

Outlook: *If SDRS pension benefits are reliable, why would a member want to save additional money in an investment account?*

Wylie: Every member's situation is different. For some members, benefits from SDRS and Social Security will give them the level of financial comfort that they want. Others, however, will want or need additional income, and for everyone there are some unknowns, such as escalating health care costs, that could make extra funds necessary.

For these reasons, SDRS has made significant changes in the SDRS Supplemental Retirement Plan (SRP) effective July 1, 2007. First, the cost to participate in the investment options available through the SDRS-SRP has been reduced, making this a very efficient savings plan for all our members. Secondly, SDRS is making personalized retirement analyses available to all members. The analyses help members determine retirement income goals, based on their desires, so that they know how much savings they may need to fulfill their retirement dreams. ... continued on page 5